

AGENDA SUMMARY PAGE
CITY COUNCIL MEETING OF: OCTOBER 17, 2007

DEPARTMENT: CITY MANAGER**DIRECTOR: DOUGLAS A. SELBY**☐ Consent ☒ Discussion**SUBJECT:**

ADMINISTRATIVE:

Discussion and possible action regarding the Second Amendment to Memorandum of Understanding (MOU) between the City of Las Vegas and REI Neon, LLC, for the execution of a final Development Agreement for the construction of a new arena located on the southwest corner of Main Street and Charleston Boulevard - Ward 3 (Reese)

Fiscal Impact☒**No Impact**☐**Augmentation Required**☐**Budget Funds Available****Amount:****Funding Source:****Dept./Division:****PURPOSE/BACKGROUND:**

REI Neon, LLC, was selected as the preferred arena developer for downtown Las Vegas as a result of a Request for Proposals that was issued on April 20, 2007, by our consulting firm CSL International. The City entered into the MOU on August 1st, 2007, and first amended it on September 19th, 2007. At this point, both parties need more time to work out the final details of the arena Development Agreement. This Second Amendment will extend the MOU until December 19, 2007.

RECOMMENDATION:

Approval.

BACKUP DOCUMENTATION:

1. Second Amendment to Memorandum of Understanding
2. First Amendment to Memorandum of Understanding
3. Memorandum of Understanding
4. Disclosure of Principals

Motion made by GARY REESE to Approve

Passed For: 7; Against: 0; Abstain: 0; Did Not Vote: 0; Excused: 0

RICKI Y. BARLOW, LOIS TARKANIAN, LARRY BROWN, OSCAR B. GOODMAN,
GARY REESE, STEVE WOLFSON, STEVEN D. ROSS; (Against-None); (Abstain-None);
(Did Not Vote-None); (Excused-None)

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Minutes:

SCOTT ADAMS, Director of the Office of Business Development, summarized the Purpose/Background section, noting that the extension is necessary to handle some of the details and issues associated with this rather extraordinary project. Staff believes this extension will allow enough time for staff to gauge whether or not the project will indeed be moving forward. Discussions are being held with REI representatives regarding the potential for another partner in the project. He pointed out that the \$250,000 deposit requested during the last extension to cover consultant fees should cover the City through this additional extension. He recommended approval.

SCOTT ADAMS, Director of the Office of Business Development, reported that this MOU simply sets out the terms anticipated in the final development agreement with REI. The MOU is a non-binding agreement that states the intent of the parties and is identical to the previous Council action selecting REI as a developer. He recapped the conditions of the MOU in the backup documentation. Staff recommends approval and will meet with the developer August 2, 2007, to start on the financial issues in order to attempt to bring back a final development agreement to the Council within the next 60 days.

MAYOR GOODMAN verified with MR. ADAMS that everything is moving forward positively. MR. ADAMS added that the possibility of introducing a new partner would allow greater certainty about the development of the first phase. The two hurdles are the extraordinary land assembly and the arena component of the project. MAYOR GOODMAN stated he just wanted to make sure things were moving forward.

MAYOR GOODMAN directed MR. ADAMS to brief him before the trip to New York, because he wants to know where the City stands on this project before the financial market. MR. ADAMS indicated that he would be able to report with greater knowledge on where the project stands at the end of the following week.

JOHN WEAVER appeared to answer questions on behalf of REI. COUNCILMAN REESE confirmed that MR. WEAVER agrees with all the conditions imposed. MR. WEAVER informed the Council that a meeting was held with the Culinary Union, who challenged the Estoppel Certificate. The Gaming Board upheld the City's finding. Contrary to what the media reports, REI is not the savior of downtown. The revitalization of downtown is the result of the Council's hard work; REI merely wants to be a part of the many exciting things occurring. COUNCILMAN REESE noted that the reality is that REI will greatly add to the success of this super City.

MAYOR GOODMAN assured the public that the intense negotiations will do everything within the City's power to protect the community. This project will greatly impact the future of the City of Las Vegas.